



Financial Institutions' Role in Driving CDH Adoption

September 14, 2006



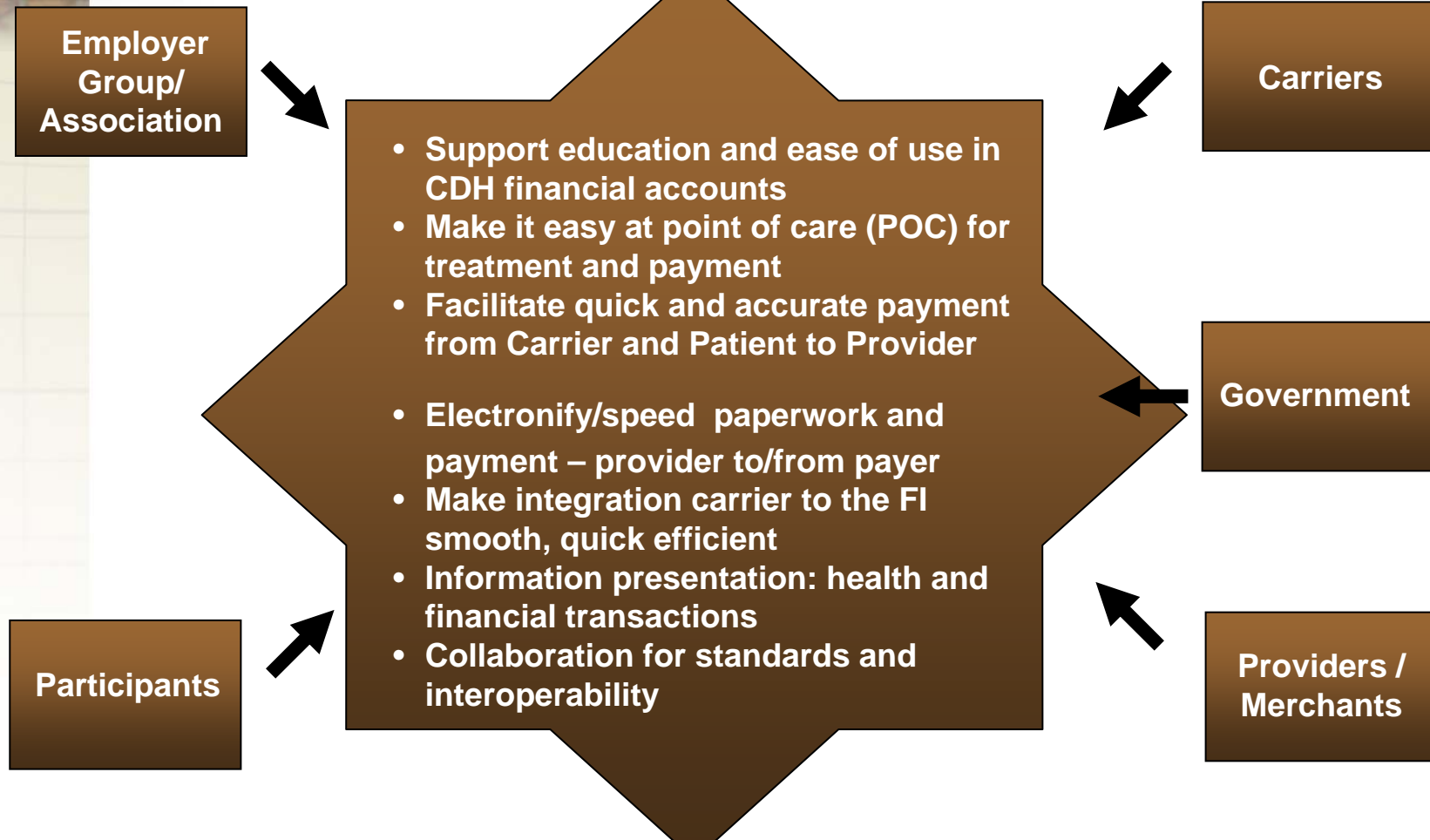
A vertical decorative image on the left side of the slide showing a brass compass and a map of the United States.

Topics

- **Why Do Financial Institutions Care About CDH?**
- **What Are Financial Institutions Doing to Drive Adoption Across Stakeholders?**
- **What Can We All Do Together To Drive CDH Adoption?**

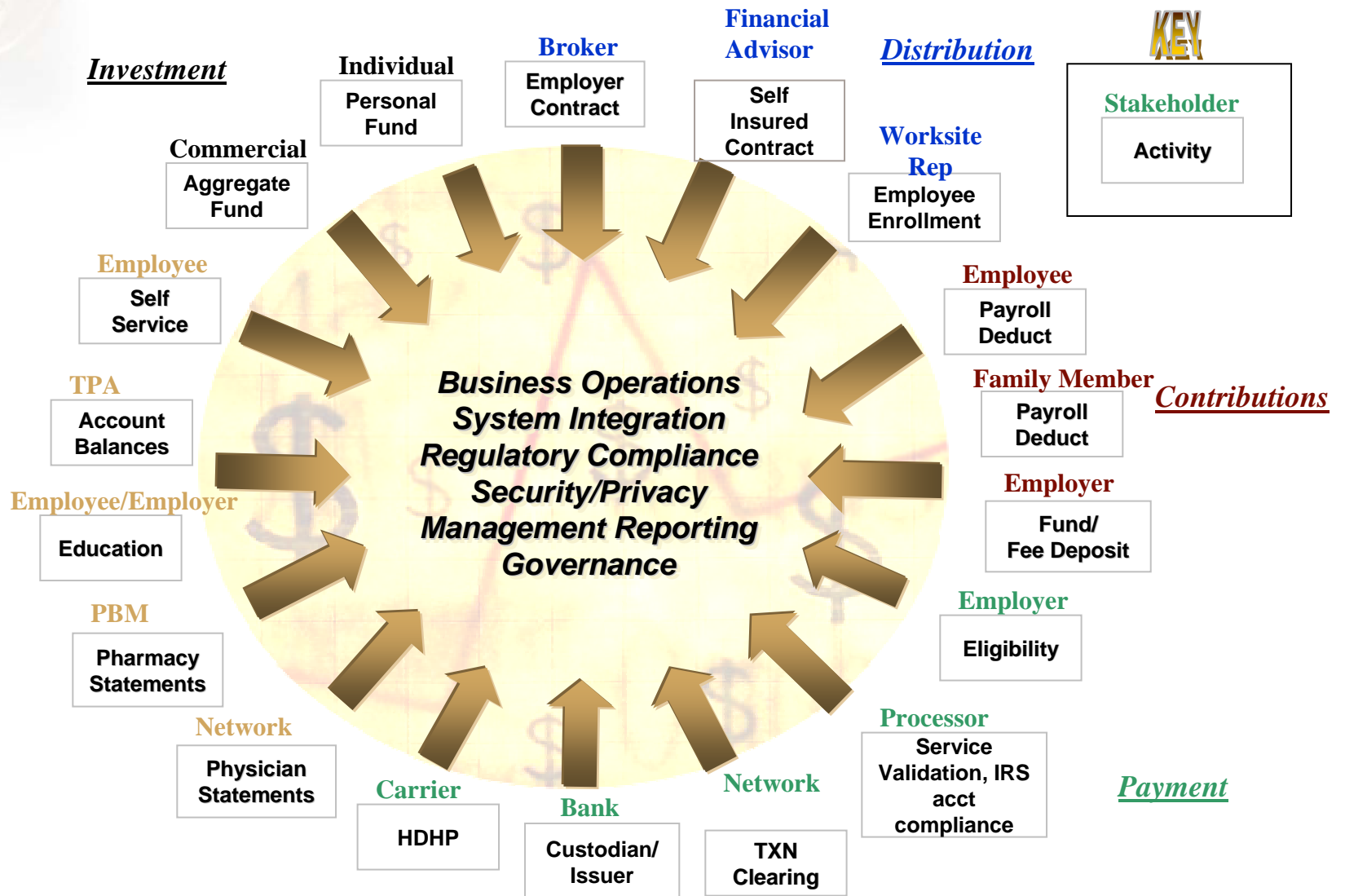
Financial Institutions (FI) Can Drive CDH Adoption

Financial institutions can drive CDH adoption across stakeholder groups in a number of ways



Key to success in all CDH efforts is the smooth integration between stakeholders serving the end buyer (Consumer and Employer)

Comprehensive CDH Offering





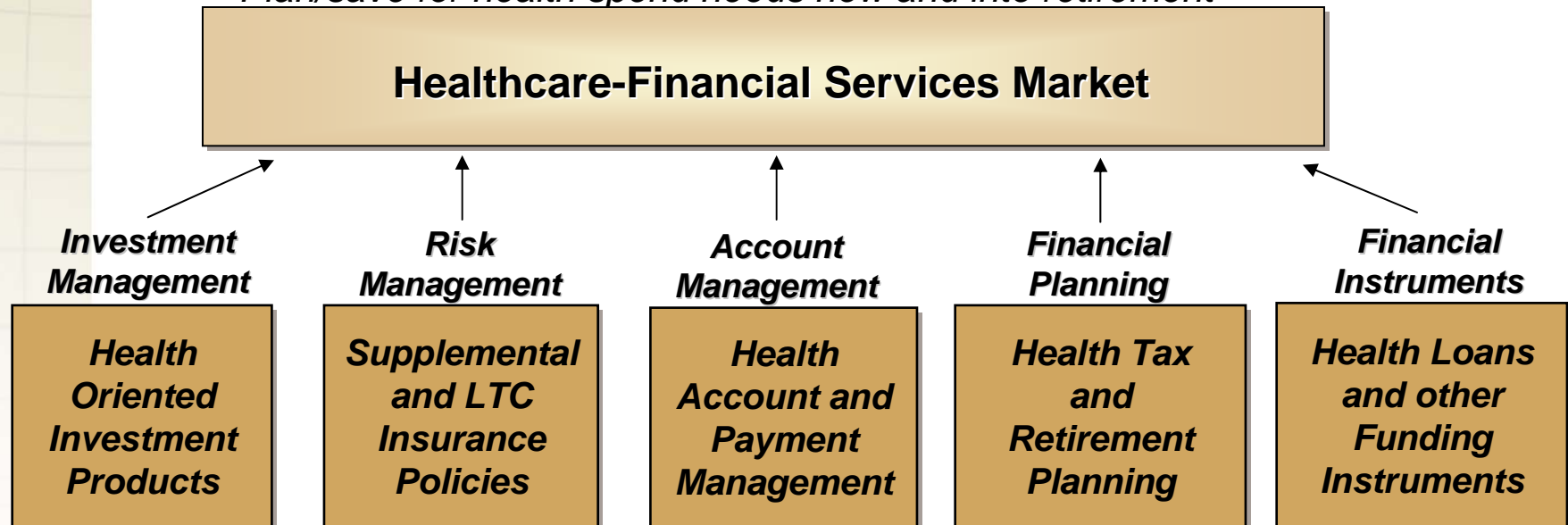
Why Do Financial Institutions Care About CDH?



Consumerism is Health is Driving Needs Across Many Financial Products

Increased consumer financial responsibility is driving consumers to look for new financial offerings to:

- *Mitigate and manage their financial risk for health care*
- *Plan/save for health spend needs now and into retirement*



Consumers can fund these new products from savings in premiums and from employer contributions (also funded by program savings)

New Considerations with Out of Pocket Spend Increasing ~200%*

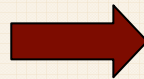
With increased financial responsibility, risk control and financial planning become a key part of health plan decisioning

PARTNERSHIP

Insurance HDHP
(high deductible health plan)
offering

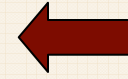
+

Financial Services Account Offering



Employer And Participant

Now, Health plan decisions will also be based on managing consumers' increased financial risk and responsibility



TOTAL CRITERIA

OLD- Decision Factors

- Premium
- Deductible
- Coverage
- Network quality
- Claim Service
- Cost Reductions

+

NEW- Decision Factors

- Increased cost share
- Financial risk protection
- Tax implications
- Catastrophic exposure
- Account management
- Banking services
- Investment options
- Retirement health planning
- Medical financial planning

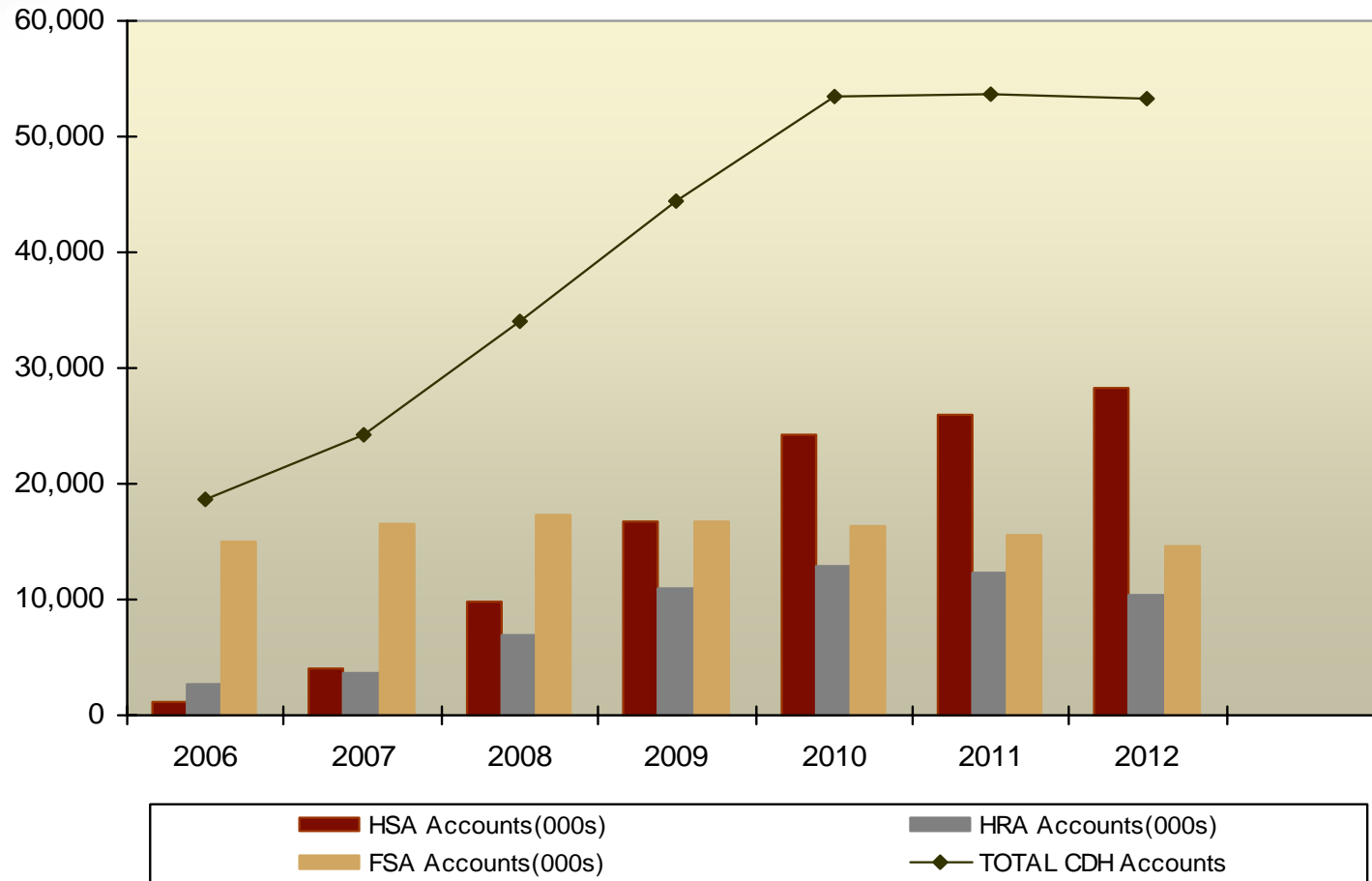
By 2015: Sources: Centers for Medicare and Medicaid Services, Office of the Actuary; and U.S. Department of Commerce, Bureau of Economic Analysis and Bureau of the Census. Pulled from 2.22.06 Health Affairs, "Health Spending Projections Through 2015: Changes on the Horizon" NOTES: Numbers may not add to totals because of rounding. 1993 marks the beginning of the shift to managed care. 2000-2015 figures are projected. Note: does not include CDH spend

Will
update
with new
figures

By 2012, nearly 53 million FSA, HSA and HRA accounts will be open



MARKET PROJECTION: 18.7 mil CDH accounts in 2006; 24.2 mil by 2007;



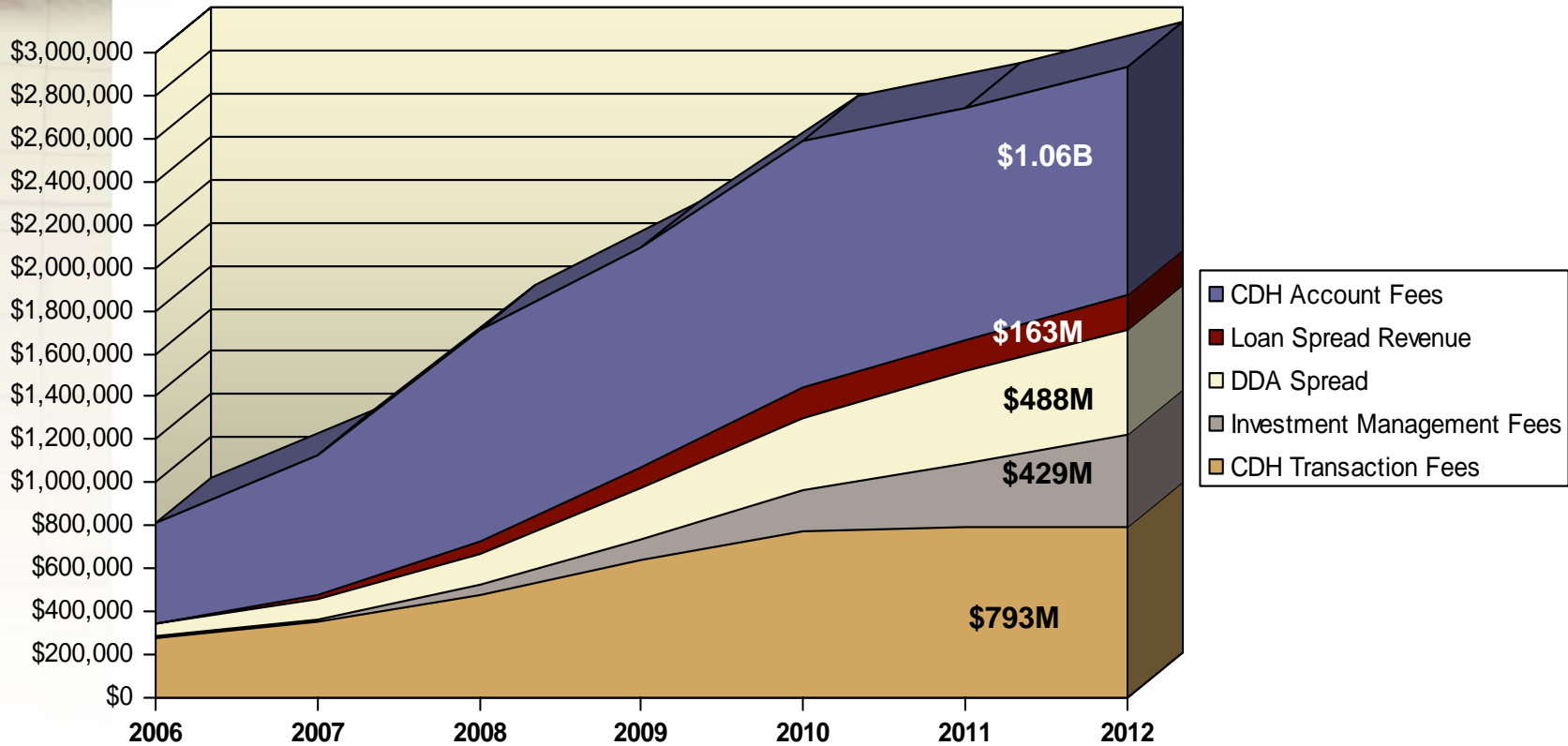
Compilation of the following: Leading research firm, US Census Bureau, Kaiser Family Foundation, Aetna, eHealthInsurance, Employers Council on Flexible Compensation, Mercer, CFO.com, Benefitnews.com, 100 Best MerchantAccounts.com, Federal Reserve, Celent, ISI BearingPoint SME

Will update with new figures

CDH Account Revenues Expected to Exceed >\$3 Billion by 2012



PROJECTED ACCOUNT BASED REVENUES (000s)



Revenues are expected to come from a number of sources

Sources: Leading Research Firm, US Census Bureau, Kaiser Family Foundation, Aetna, eHealthInsurance, Employers Council on Flexible Compensation, Mercer, CFO.com, Benefitnews.com, 100 Best MerchantAccounts.com, Federal Reserve, BearingPoint SME, Nick Santoro, Exante Financial Services' Chief Executive. Figures DO NOT include cross sell or bundled sale of products related to or sold with CDH accounts

Forming Alliances with Health Partners

Alliances: Jan- May '05



- **UMB Financial** announce their intent to offer HSAs in the near term through partnerships with Assurant, Motivano, MHM Resources, MSaver and **First Data Corporation** (1/25/05)
- **Fifth Third Bank** announce HSA offering (1/17/05)
- **U.S. Bank's Institutional Trust & Custody** group to offer HSAs (1/14/05)
- **Mellon and Fiserv** announce HSA partnership (1/11/05)
- Evolution Benefits and **HSA Bank** team up to offer Benny Debit Card to support their CDH programs (1/6/05)
- **American Community Mutual Insurance Company** partners with HealthEquity to offer integrated HSA offering (HDHP with HSA) (1/4/05)

- **Johnson Financial Group** to offer HSAs in conjunction with Johnson Insurance and Johnson Financial Group (3/24/05)
- CaliforniaChoice and **Mellon** announce alliance to offer integrated HSAs (3/14/05)

- Highmark Blue Cross Blue Shield of Western PA and **PFPC** announce alliance to offer HSAs (5/5/05)
- **Mellon** and Harvard Pilgrim Healthcare partner to offer HSAs (5/4/05)
- **Quicken** introduces personal health financial manager software
- **eFunds** Purchases **Wildcard**



- NGS American and **Mellon** announce alliance for HSA offering (2/5/05)

- Independent Health and **Mellon** partners with to offer HSAs (4/29/05)
- **Southwest Bank** announces HSA offering (4/22/05)
- **Mellon** and Group Insurance Trust of the CA Society of CPAs team together to offer HSAs (4/20/05)
- **Webster Bank** completed the acquisition of HSA Bank Operator Eastern Wisconsin Bancshares Inc to further their HSA offering capabilities (4/19/05)
- Medical Group Insurance Services partners with **Mellon** to offer HSAs (4/14/05)
- **Guardian Life Insurance Company** and Destiny Health partner to offer HSAs (4/11/05)
- **Mbi** and **TriZetto** partner to offer real time cash management and claims services for HSAs (4/5/05)
- **First Horizon National Corporation** acquires **MSAver Resources LLC** to begin offering HSAs (4/4/05)

Forming Alliances with Health Partners

Alliances: Jun- Nov '05

- **HSA Bank** and MyMedicalControl team up to offer cost management option to HSA account holders (6/20/05)
- **MedDirect Health Benefits** and 1Point Solutions partner to offer credit line to HSA owners (6/27/05)

- **FSV** and **FBMC** Announce Prepaid Card Alliance (8/3/05)
- **Metavante** acquires Brasfield Corporation to broaden community banking strategy (8/11/05)
- **Bank of America** and WageWorks partner to offer HSAs (8/17/05)

- **Sovereign Bank** announces HSA offering (10/3/05)
- **HSA Bank** and Caregain form alliance to offer integrated claims processing and payment platform for CDH accounts (10/3/05)
- **Wageworks** announces agreement to acquire FBD Consulting's administrative services (10/11/05)
- **US Bank** announces HSA offering for individuals with a HDHP (10/17/05)



- **HSA Clearing** partners with **optionsXpress** to offer robust HSA investment platform (7/18/05)
- Capital District Physicians' Health Plan teams with **Mellon** and **HSA Bank** to offer HSAs (7/11/05)

- **BCBSM** and **Wells Fargo** announce partnership to offer HSAs and other consumer driven products (9/28/05)

- **LaSalle Bank** announces CDH offering for employers, TPAs and health plans (11/8/05)
- **National City** announces HSA offering for individuals (11/1/05)
- **WageWorks** partners with **PFPC** to extend health savings account platform (11/1/05)
- **Blue Cross Blue Shield** and **MasterCard** announce partnership for CDH debit card (11/21/05)
- **Metavante** announces acquisition of **AdminiSource**, a leading provider of health care payment distribution services (11/22/05)
- **American Express** and **Empire BCBS** announce HSA card offering (11/30/05)

Forming Alliances with Health Partners

Alliances: Dec '05- Mar '06

- **Blue Cross and Blue Shield** announces the start of their own bank **Blue Healthcare Bank**. (12/5/05)
- **Alliance Bank, N.A.** announces HSA offering starting 1/1/06. (12/8/05)
- **Revolution Health Group** announces the 2006 launch of a new consumer-friendly health portal. (12/9/05)
- **Pay By Touch** names SVP and GM of their new Healthcare Business Division. (12/19/05)
- **Fidelity** releases HSA offering and partners with **WebMD** for consumer education (12/21/05)
- **Discover** and **Exante** announces their partnership in providing an FSA program for Morgan Stanley employees. (12/13/05)

- **Care Choices**, a subsidiary of **Trinity Health**, selects **ASI** to provide integrated CDH administration solution (2/1/2006)
- **US Bank** partners with **Subimo** to provide DSS tools for CDH offering (2/7/06)
- **Destiny Health** and **Guardian Life** partner to package CDH offering with “wellness incentives” for Texas-based employers (2/13/2006)
- **CareFirst BCBS** selects **The Bancorp Bank** as its preferred HSA custodian (2/14/06)

Jan
2006

Mar

Dec
2005

Feb

- **Health Equity** and **World Insurance** partner to offer comprehensive HSA solution (1/31/06)
- **HSA Trustee Services** expands pharmacy savings with **MedSave Discount Pharmacy** (1/31/06)
- **Trustmark** announces integrated CDH offering with “Healthy Foundations” platform (1/11/06)
- **Fiserv** acquires **Caregain** to provide comprehensive CDH platform (1/9/06)
- **BancorpSouth Bank** announces HSA offering for individuals (1/4/06)

- **HSA Bank** and **Transamerica Financial Advisors** partner to offer comprehensive HSA investment options to accountholders (3/30/06)
- **Group Health Incorporated (GHI)** selects **Amisys Synertech Inc. (ASI)** to develop CDH integrated solution for its 2.5 million New York-based members (3/23/2006)
- **UnitedHealth** announces OnePay solution to deduct medical costs from patient’s paychecks when they don’t have funds in their HSA (3/13/2006)
- **ConnectYourCare** and **PFPC** to provide banks and investment companies a comprehensive HSA administration offering (3/9/06)
- **Health Equity** and **ehealthinsurance** partner to streamline HSA enrollment (3/2/06)
- **CMA, UMB** and **Marsh** partner to offer HSA solution to physicians (3/1/06)

FS/CDH Alliances: Apr '06- Jun '06

- **American Republic Insurance Company** and **Health Equity** partner to offer comprehensive HSA solution to plan participants (4/12/06)
- **Post-n-Track** and **QCSI** partner to improve transaction exchange and enable real time payer enterprise (4/18/06)
- **Sovereign Bank** selects **ADP** as preferred HSA provider for small business clients (4/18/06)
- **American Express** partners with **WageWorks** and **PayFlex** to expand healthcare payment offering (4/27/06)
- **Revolution** licenses **Wellogic's** web infrastructure technology (4/27/06)
- **Blues Banks** selects **Fiserv** for debit card processing, core banking platform services and HRA/FSA administration (4/28/06)

- **PayFlex** and **FDR** partner to offer a card processing solution that allows consumers to access their fund contributions at point of care (6/6/06)
- **Transax** and **National Health Services** partner to pilot real-time adjudication in New York City (6/6/06)
- **Health Alliance** selects **QCSI/MyHealthBank** to administer CDH plan functionality to its member base (6/19/06)
- **HealthNet** announces intent to license **CareGain's** platform through an ASP hosting arrangement (6/21/06)
- **QCSI** to combine its cash management software with **Valutech's** payment engine for an integrated CDH payment solution (6/21/06)
- **BenefitStreet** and **Canopy Financial** partner to offer integrated investment management tools for HSAs (6/21/06)

May

Apr Jun



- **BenSoft** and **Metavante** partner to offer interface that facilitates information flow on a real-time basis to improve adjudication and reimbursement tasks (5/24/06)
- **QSCI** and **Avolent** partner to offer e-billing solution for payers, employers and TPAs (5/22/06)
- **BCBS of Vermont** selects **First HSA** as preferred administrator for HSA accounts (5/22/06)
- **WedMD** and **Fidelity** announce the expansion of their relationship to integrate health care cost planning tools for large defined contribution outsourcing clients (5/18/06)
- **Google** announces plans to launch refined search capabilities with search results divided up by expected audience (5/9/06)
- **QCSI** to offer business processing outsourcing services through its partnership with **HealthEquity** (5/8/06)
- **First Data Corporation** and **Medem** announce partnership to offer health card that combines PHR, debit functionality and eligibility verification (5/8/06)
- **Regence** selects **HSA Bank** as preferred custodian (5/5/06)

Aggressive M&A Activity

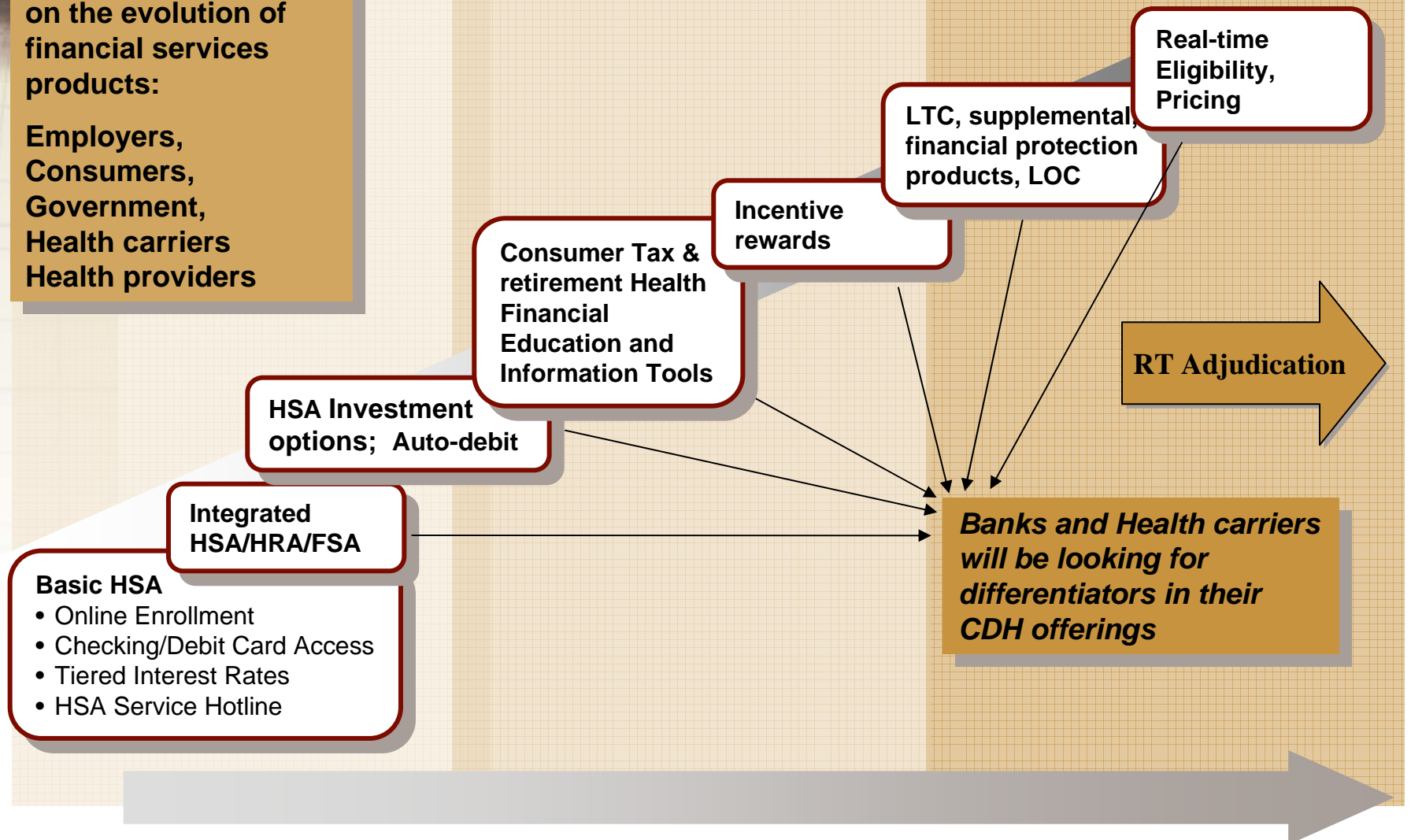
In the past 3 years months there have been over \$10 billion in acquisition transactions across the Health and Financial Institution sectors

Date Announced	Buying Company	Acquired Company	Amt in USD	Buyer: Primary Business	Strengths Purchased
Jun-06	Cigna	Star HRG (division of Health Markets Inc)	Not disclosed	Health Plan	Limited benefit health insurance plans, additional supplemental insurance products
May-06	Ingenix (United Health)	NWH	\$54M	Health Plan	Clearinghouse
May-06	PayFlex	Denver Reserve Corporation	Not disclosed	TPA	TPA Administration (expand footprint)
Apr-06	PNC	Healthcare Administration Technologies	Not disclosed	Bank	Clearinghouse
Jan-06	Fiserv	Caregain	Not disclosed	Processing	CDH platform, access to wellness tools, connection to PBMs
Oct-05	Revolution Health	ConnectYourCare, Extend Benefits and Interfit (minority interest)	Not disclosed	Comprehensive CDH company	TPA, CDH platform, retail health outlets
Aug-05	Metavante	Brasfield Corporation	\$15M	Processor	Data Center
Jul-05	UnitedHealth	Pacificare	\$8.1B	Health Plan	CDH healthplan, geography
Jun-05	eFunds	Wildcard	\$286mil	Processor	Prepaid card processing
May-05	Aetna	Active Health Mngmnt - Data analytics	\$400mil	Health Plan	Health data analytics
May-05	US Bank	Genpass	Not disclosed	Bank	Processing
May-05	Metavante	mbi	\$145 mil	Processor	Health debit card
May-05	WellPoint	Lumenos	\$185 mil	Health Plan	CDH healthplan
Apr-05	FirstHorizon	MSAver	Not disclosed	Bank	HSA accounts and infrastructure
Nov-04	UnitedHealth	Definity	\$300 mil	Health Plan	CDH healthplan
Sep-04	Webster Bank	HSA Bank/St Bank of Howards Grove	\$26 mil	Bank	HSA accounts and infrastructure
Sep-04	Pacificare	American Medical Security Group	\$502 mil	Health Plan	HSA accounts and greater scope (more geog markets)

Product Evolution

Stakeholders agree on the evolution of financial services products:

Employers,
Consumers,
Government,
Health carriers
Health providers





What Are Financial Institutions Doing to Drive CDH Adoption?





FIs Seeking to Serve Each Stakeholder

Consumers



- Understand the type of financial account(s) – HSA, HRA, FSA or combination
- What are the options for payment, to whom, when
- What are the options for contribution, investment
- Information presentation, Organization/bucketing of transactions
- Integration to health plan

Employers



- Help employees as outlined above
- Make contributions from multiple sources easily
- What are the options for contribution, investment
- Provide robust reporting options

Providers



- Support Consumers and Employers as above to reduce confusion at POC
- Facilitate quick and accurate payment from Carrier and Patient
- Support billing and collections efforts to Patient
- Electronify paperwork and payment

Carriers



- Support other constituents as above
- Make integration to the FI smooth, quick efficient

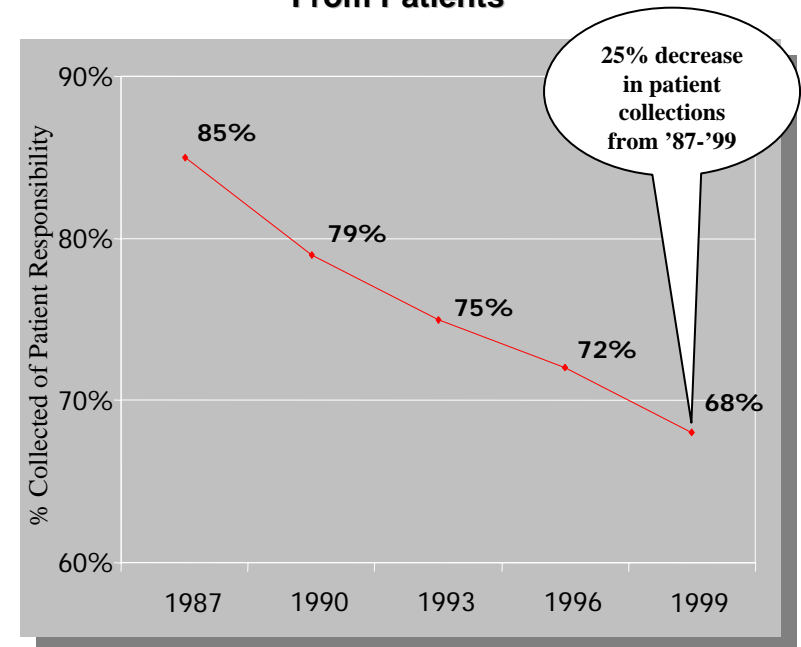
Health Industry Payment Challenges- Addressed by Financial Services Firms



Many of the health industry payment challenges are addressable by leveraging banking processes

Concern	Industry Average
High cost to process claims	<ul style="list-style-type: none"> Average cost to process a claim is \$11 (range \$8.50 to \$18)
Length of time to process claims	<ul style="list-style-type: none"> Average claims payment time 89.5 days ¹
Large volume of transactions	<ul style="list-style-type: none"> Average volume of financial and clinical transactions at a physician offices is ~30 billion financial, ~33% are payments-related ²
High paper/administrative costs	<ul style="list-style-type: none"> 31% of healthcare expenditures are administrative tasks such as enrollment, billing, reconciliation and payment Major health insurers report an estimated 50–60% of all bills are disputed (estimated cost \$30/each) ³

Physicians Have Trouble Collecting From Patients



Source: Medical Group Management Association Cost Survey: 2000 Report on 1999 data

Common themes: paper based, manual, batch, mailing of papers and checks

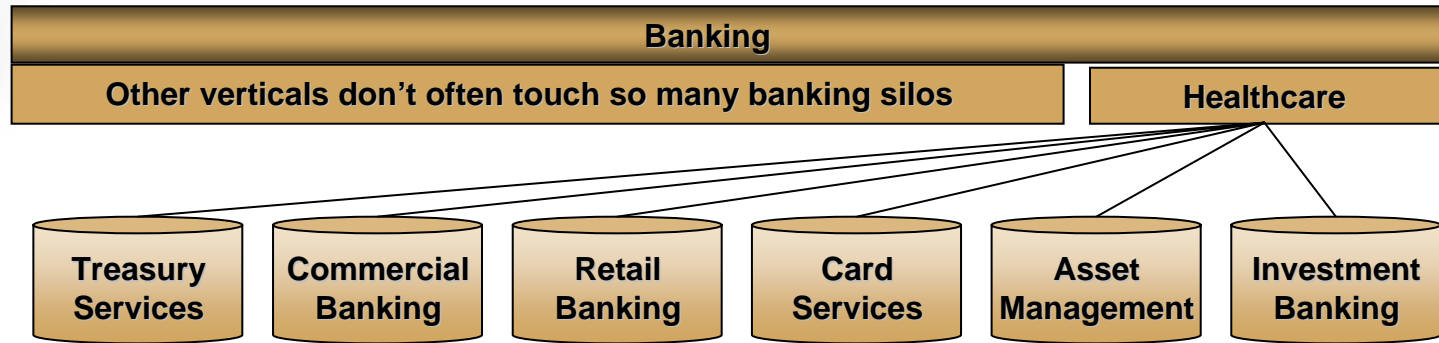
Sources: ¹ www.upcbiz.com/healthcare.html, ² Digital Transactions Jul-Aug 04, ³ www.epaynews.com/index Feb 02 2005

Health/Financial Services Is a Broad Array of Products and Services

- Some banks provide a menu of health related services, while others have opted for a niche strategic focus
- Some banks are starting to view Health as an overall market, not just a few niche products sitting in various business silos of the bank

Health-Specific Offerings by Bank	Health Care Division	HSA, FSA, HRA	Medical Leases	Loans	Purchasing Card for Providers	Merchant Services	Receivables Management	Claims Payment/ Remittance Processing	Medical Lockbox	Collections
Bank A	X		X	X			X	X	X	
Bank B	X	X	X	X		X	X	X	X	
Bank C	X	X						X		
Bank D	X	X	X	X						

Health Finance Products Cross Banking Silos with Diverse Products - Requiring Integration



Sample list of healthcare banking products	Division/Silos				
	Treasury	Comm'l	Retail	Card	Asset Mgmt
HSAs, FSAs, HRAs	X	X	X	X	X
Insurance Products (supplemental, gap, catastrophic)		X	X		
Medical Leases		X	X		
Medical Lockbox	X	X			
P-Card for Providers		X		X	
Merchant Services	X	X		X	
Collections	X	X			
Receivables Mgmt	X	X			
Claims Payment/ Remittance Processing	X	X			
Medical Loans/Lines of Credit		X	X	X	

A vertical image on the left side of the slide showing a brass compass and a map, symbolizing navigation and direction.

Role of Cards in Health and CDH

Cards can play a key role in addressing Health Industry challenges and driving positive consumer experience

- By 2010, 71% of health care accts products, and 95% of HSAs are expected to be card based: > 28 million cards¹
- When a card is added to an FSA account:
 - **employee adoption increases >40%**
 - **Employee contribution increases 30%**

Cards can aid in many areas, some in real time at point of sale including:

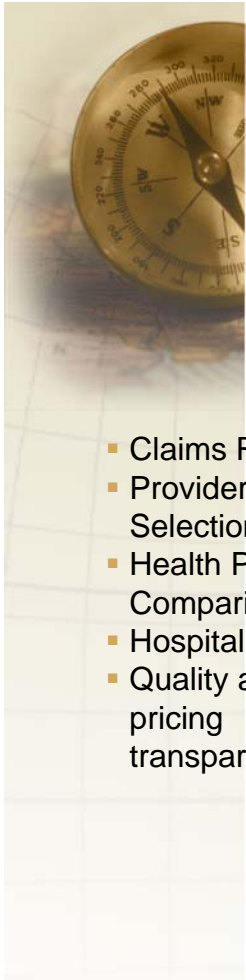
- Eligibility
- Establish and pay co-pay
- Pricing and in-out of network determination
- Pay member portion
- Rewards
- Other

Sources: ¹ Bank and Tech News 2005

***How Do We All Work Together to Drive
CDH?***



Leading Competitive Product Features Consumer Health Finance



- Claims Review
- Provider Selection Tools
- Health Plan Comparison Tool
- Hospital Data
- Quality and pricing transparency

- SSO Integrated web portal for medical, investment and account balance info
- Multi-purse card
- Line of credit

- Online Enrollment
- Three-way customer service integration
- Multiple Investment Options
- Investment Account Sweep/Re-Sweep
- Claims adjudication
- Direct online payment to provider
- Estimators
- Rewards programs

- Medical Risk Assessment
- Wellness Incentive Plans
- Health Records
- Educational Tools
- Medical Planner/Diary
- Email Alerts

- HSA Calculator
- Healthcare Expense Management planning tools
- Prescription Spending Management planning tools

CDH Adoption Requires Integration and Coordination Across MANY Offerors

